

# EXAMINER'S BANKING PRACTICES SURVEY

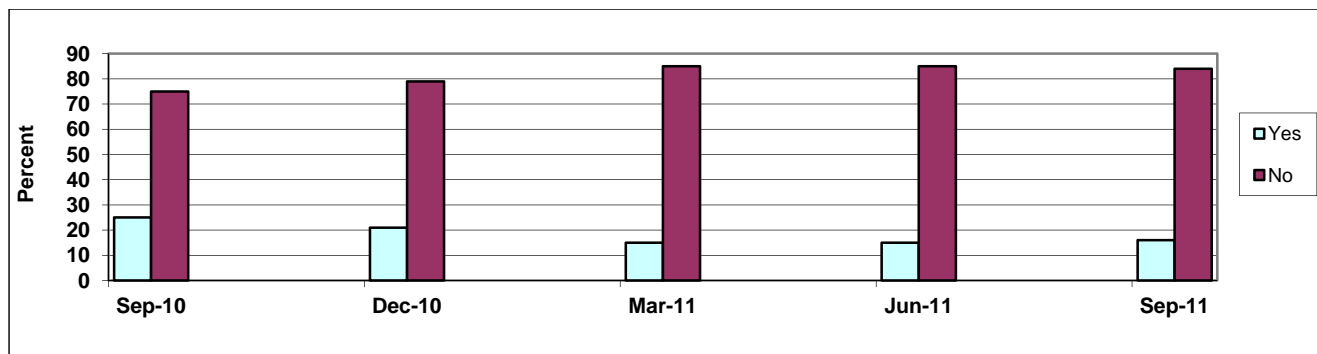
Third Quarter 2011

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Third Quarter 2011** results are compiled from **45** responses.

## LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "*Significantly*" means growth of 20% or more.



Of yes responses:

Loan Type	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
RE/Const/Land Devel	18%	29%	11%	12%	7%
RE/Agricultural	10%	7%	0%	13%	14%
RE/Commercial/Indust	18%	7%	0%	25%	29%
RE/Residential	18%	7%	22%	25%	0%
Agricultural	18%	14%	11%	12%	14%
Commercial/Industrial	18%	14%	45%	13%	22%
Consumer	0%	22%	11%	0%	14%

2. Is the institution active in making the following types of loans?

	Dec-10		Mar-11		Jun-11		Sep-11	
	Yes 3%	No 97%	Yes 3%	No 97%	Yes 6%	No 94%	Yes 9%	No 91%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	0%		0%		50%		25%	
Dealer paper	100%		100%		50%		75%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		0%		0%		0%	

3. Is the bank offering below market interest rates or reduced fees to attract loans?

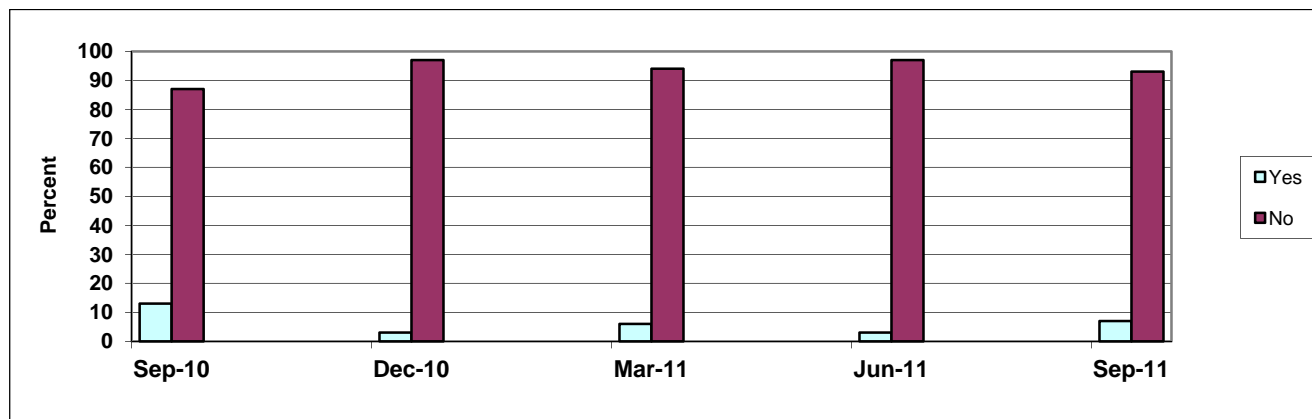
	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Yes	6%	6%	0%	0%	0%
No	94%	94%	100%	100%	100%

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4. Does the institution use credit scoring models for loan decisions?

	Dec-10		Mar-11		Jun-11		Sep-11	
	Yes 12%	No 88%	Yes 9%	No 91%	Yes 12%	No 88%	Yes 20%	No 80%
Of Yes Responses - Loan type								
Credit card	0%		12%		0%		6%	
Consumer	30%		33%		40%		29%	
Residential mortgage	40%		33%		30%		29%	
Small business	20%		22%		30%		18%	
Other	10%		0%		0%		18%	

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Making collateral based loans?	29%	20%	25%	33%	25%
Reduced collateral margins?	0%	20%	0%	0%	25%
Not requiring cash flow projections?	29%	20%	25%	33%	25%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	29%	20%	25%	33%	13%
Waiving guarantees or other documentation?	13%	20%	0%	0%	0%
Other	0%	0%	25%	0%	12%

6. Describe potential risk in current underwriting practices for:

	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
<b>Agricultural Loans</b>					
Minimal	75%	91%	76%	82%	69%
Moderate	25%	9%	21%	15%	29%
Substantial	0%	0%	3%	3%	2%
<b>Commercial Loans</b>					
Minimal	47%	59%	58%	62%	60%
Moderate	47%	38%	39%	32%	33%
Substantial	6%	3%	3%	6%	7%
<b>Consumer Loans</b>					
Minimal	66%	77%	85%	76%	67%
Moderate	34%	20%	12%	21%	26%
Substantial	0%	3%	3%	3%	7%
<b>Residential Loans</b>					
Minimal	66%	74%	85%	74%	71%
Moderate	34%	20%	12%	23%	24%
Substantial	0%	6%	3%	3%	5%

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7. Differences between actual lending practices and written policies are:

	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
<b>Agricultural Loans</b>					
Minimal	91%	94%	91%	91%	93%
Moderate	9%	6%	9%	6%	7%
Substantial	0%	0%	0%	3%	0%
<b>Commercial Loans</b>					
Minimal	62%	79%	88%	79%	71%
Moderate	38%	21%	12%	18%	29%
Substantial	0%	0%	0%	3%	0%
<b>Consumer Loans</b>					
Minimal	91%	91%	100%	88%	87%
Moderate	9%	6%	0%	9%	13%
Substantial	0%	3%	0%	3%	0%
<b>Residential Loans</b>					
Minimal	91%	94%	91%	85%	84%
Moderate	9%	3%	9%	12%	16%
Substantial	0%	3%	0%	3%	0%

8. With regard to agricultural loans, describe the potential risk the bank faces from:

	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
<b>Carryover Debt</b>					
Minimal	78%	97%	94%	88%	87%
Moderate	22%	3%	6%	12%	13%
Substantial	0%	0%	0%	0%	0%
<b>Phase-out of Farm Subsidies</b>					
Minimal	84%	97%	94%	91%	84%
Moderate	16%	3%	6%	9%	16%
Substantial	0%	0%	0%	0%	0%
<b>Drop in Land Values</b>					
Minimal	81%	91%	82%	76%	73%
Moderate	19%	6%	18%	21%	22%
Substantial	0%	3%	0%	3%	5%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

	Dec-10		Mar-11		Jun-11		Sep-11	
No. Banks with Inc/(Dec) in ratio (%)	+ 41%	- 59%	+ 58%	- 42%	+ 50%	- 50%	+ 49%	- 51%
Average Inc/(Dec)in Ratio	13.3	(14.3)	15.1	(14.3)	14.0	(9.1)	15.3	(14.2)
Cause of Increase								
Eased underwriting standards	3%		8%		3%		3%	
Deterioration in new loans	11%		3%		3%		3%	
Deterioration in older loans	45%		48%		41%		56%	
Participations or out-of-territory	0%		3%		8%		8%	
Economic conditions	38%		27%		32%		25%	
Changes in lending personnel	3%		3%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	0%		8%		13%		5%	

10. Estimate loan classifications at this examination into the following types:

Loan Type	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
RE/Const/Land Development	35%	42%	32%	19%	22%
RE/Agriculture	3%	1%	3%	4%	2%
RE/Commercial/Industrial	38%	38%	44%	57%	50%
RE/Residential	9%	7%	8%	9%	12%
Agricultural	0%	1%	2%	1%	1%
Commercial/Industrial	13%	9%	9%	8%	12%
Consumer	2%	2%	2%	2%	1%

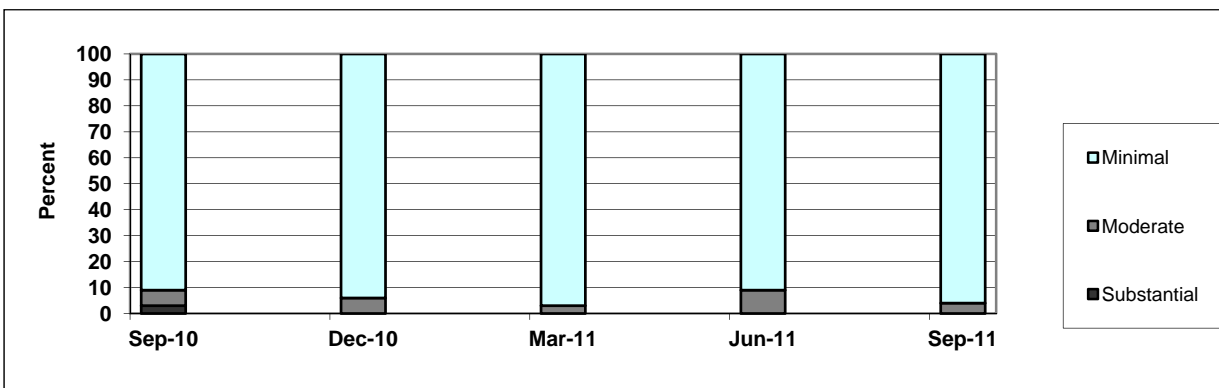
## Examiner's Banking Practices Survey

### INVESTMENTS

11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Yes	3%	0%	0%	3%	0%
No	97%	100%	100%	97%	100%

12. Differences between actual investment practices and written policies are:



### OTHER

13. Has the bank established a borrowing line with FHLB?

	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Yes	81%	85%	97%	94%	93%
No	19%	15%	3%	6%	7%
If yes, does the bank actively borrow from the FHLB?					
Yes	89%	76%	75%	75%	67%
No	11%	24%	25%	25%	33%

14. Does the bank hold off-balance sheet derivatives?

	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Yes	12%	9%	6%	15%	9%
No	88%	91%	94%	85%	91%

15. List nontraditional activity the institution is engaged in.

	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Yes	75%	97%	91%	94%	89%
No	25%	3%	9%	6%	11%
Of those that do:					
Nondeposit Investment Sales	15%	12%	19%	14%	13%
Insurance Sales	9%	6%	8%	12%	13%
Real Estate Loan Secondary Market Sales	25%	33%	24%	23%	29%
Non-transactional Web Site	7%	6%	3%	5%	10%
Transactional Web Site	40%	41%	43%	45%	35%
Other	4%	2%	3%	1%	0%